

AMENDED IN ASSEMBLY APRIL 17, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1456**

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**Introduced by Assembly Member Hill**

January 9, 2012

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An act to add Section 960 to the Public Utilities Code, relating to gas corporations.

LEGISLATIVE COUNSEL’S DIGEST

AB 1456, as amended, Hill. Gas corporations: rate of return: ~~safety.~~  
*safety performance standards.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law, the Natural Gas Pipeline Safety Act of 2011, among other things, prohibits a gas corporation from recovering any fine or penalty in any rate approved by the commission.

This bill would require the commission ~~to consider the safety performance of a gas corporation in determining what constitutes a just and reasonable rate of return,~~ *to perform an analysis of benchmark data and adopt safety performance standards for pipeline safety and reliability and to evaluate a gas corporation’s safety performance based on those standards. The bill would authorize the commission to implement a rate incentive program, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares as follows:

(a) On September 9, 2010, a 30-inch natural gas transmission pipeline ruptured in San Bruno, California, killing eight people, hospitalizing more than 50 people, and destroying 38 homes.

(b) On September 23, 2010, the Public Utilities Commission created an independent review panel of experts to investigate both the practices of the pipeline operator and of the commission to ensure that such an accident would not be repeated elsewhere in the state.

(c) On June 9, 2011, the panel presented its findings and found that the financial focus of the pipeline operator's management had been detrimental to system safety.

(d) The panel suggested that, *upon thorough analysis of benchmark data*, rate incentives and penalties be applied to gas corporations based on the achievement of specified levels of performance.

SEC. 2. Section 960 is added to the Public Utilities Code, to read:

~~960. The commission shall consider the safety performance of a gas corporation in determining what constitutes a just and reasonable rate of return.~~

960. (a) *The commission shall perform an analysis of benchmark data and adopt safety performance standards for pipeline safety and reliability.*

(b) *The commission shall evaluate a gas corporation's safety performance based on the safety performance standards adopted pursuant to subdivision (a) and may implement a rate incentive program. The rate incentive program may contain penalties based on its performance.*